

June 2001



North Dakota

REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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With one month left remaining in the 1999-01 biennium, the anticipated ending balance is \$59.7 million, a \$7 million increase over what was estimated at the end of the legislative session. In addition, we estimate up to \$13 million will be deposited in the Permanent Oil Tax Trust Fund.

Nationally the consumer price index (CPI) rose 3.6 percent from one year ago in May and rose 0.5 percent from one month ago.

Economy.com believes that even with the easing of monetary policy and tax cuts, the Federal Reserve Board will need to ease monetary policy even more to avoid a further downturn in the economy. The

most significant weight on the economy is the recent collapse in business investment in information technology. *Economy.com* believes that even though recession risks have receded somewhat, there remains a 45 percent probability of a recession this year.

Have a safe and enjoyable
Fourth of July!!



Oil Activity

North Dakota has 17 oil rigs operating compared to nine rigs one year ago.

April oil production averaged 87,669 barrels per day, down slightly from March's production.

The decrease in production was due to road restrictions and problems moving drilling and workover rigs as a result of wet conditions.

The current price of oil is in the range of \$21 per barrel.

Comments or Questions???

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STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
MAY 2001

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	1999 Legislative Forecast	Actual	Variance	Percent	1999 Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 28,279,000.00	\$ 31,210,951.59	\$ 2,931,951.59	10.4%	\$ 605,719,500.00	\$ 583,145,536.72	\$ (22,573,963.28)	-3.7%
Motor Vehicle Excise Tax *	4,361,000.00	2,411,962.29	(1,949,037.71)	-44.7%	100,119,400.00	103,468,282.09	3,348,882.09	3.3%
Individual Income Tax	16,680,000.00	15,116,615.39	(1,563,384.61)	-9.4%	370,502,520.00	398,329,557.00	27,827,037.00	7.5%
Corporate Income Tax	2,567,000.00	1,504,022.42	(1,062,977.58)	-41.4%	98,092,000.00	85,505,858.45	(12,586,141.55)	-12.8%
Insurance Premium Tax	2,100,000.00	3,870,995.75	1,770,995.75	84.3%	33,330,000.00	38,044,258.28	4,714,258.28	14.1%
Financial Institutions Tax	49,000.00	4,447.00	(44,553.00)	-90.9%	4,749,000.00	5,435,833.00	686,833.00	14.5%
Oil & Gas Production Tax **	998,000.00		(998,000.00)	-100.0%	21,708,000.00	38,433,365.00	16,725,365.00	77.0%
Gaming Tax	2,290,000.00	2,382,565.70	92,565.70	4.0%	22,639,000.00	26,564,327.62	3,925,327.62	17.3%
Interest Income	471,000.00	594,979.67	123,979.67	26.3%	12,537,000.00	17,608,332.60	5,071,332.60	40.5%
Oil Extraction Tax**	606,000.00		(606,000.00)	-100.0%	13,209,000.00	23,566,635.00	10,357,635.00	78.4%
Cigarette & Tobacco Tax	1,744,000.00	1,680,481.45	(63,518.55)	-3.6%	40,736,000.00	39,966,872.10	(769,127.90)	-1.9%
Departmental Collections	1,350,000.00	1,259,787.06	(90,212.94)	-6.7%	35,803,199.00	38,958,827.57	3,155,628.57	8.8%
Wholesale Liquor Tax	411,886.00	479,998.40	68,112.40	16.5%	9,392,366.00	9,824,060.59	431,694.59	4.6%
Coal Severance Tax	921,000.00	733,097.16	(187,902.84)	-20.4%	21,539,000.00	21,327,327.42	(211,672.58)	-1.0%
Coal Conversion Tax	1,003,000.00	1,135,513.81	132,513.81	13.2%	23,622,000.00	24,587,630.92	965,630.92	4.1%
Mineral Leasing Fees	199,760.00	415,721.28	215,961.28	108.1%	4,715,920.00	9,363,168.70	4,647,248.70	98.5%
Bank of North Dakota-Transfer					35,000,000.00	35,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,380,608.00	1,380,608.00	0.00	0.0%
Other Transfers		1.74	1.74	100.0%	1,700,000.00	2,142,889.14	442,889.14	26.1%
Total Revenues and Transfers	64,030,646.00	62,801,140.71	(1,229,505.29)	-1.9%	1,456,494,513.00	1,502,653,370.20	46,158,857.20	3.2%

** Oil and gas production and oil extraction tax collections totaled \$4.3 million in May. A total of \$9.6 million has been reserved for deposit into the Permanent Oil Tax Trust Fund.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
MAY 2001
COMPARED TO MARCH 2001 REVENUE FORECAST

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	2001 Legislative Forecast	Actual	Variance	Percent	2001 Legislative Forecast	Actual	Variance	Percent
Sales Tax	27,931,000.00	\$ 31,210,951.59	\$ 3,279,951.59	11.7%	\$ 584,059,768.00	\$ 583,145,536.72	\$ (914,231.28)	-0.2%
Motor Vehicle Excise Tax *	4,954,000.00	2,411,962.29	(2,542,037.71)	-51.3%	105,372,168.00	103,468,282.09	(1,903,885.91)	-1.8%
Individual Income Tax	19,598,000.00	15,116,615.39	(4,481,384.61)	-22.9%	392,091,657.00	398,329,557.00	6,237,900.00	1.6%
Corporate Income Tax	1,454,000.00	1,504,022.42	50,022.42	3.4%	84,923,424.00	85,505,858.45	582,434.45	0.7%
Insurance Premium Tax	2,300,000.00	3,870,995.75	1,570,995.75	68.3%	36,760,916.00	38,044,258.28	1,283,342.28	3.5%
Financial Institutions Tax	86,000.00	4,447.00	(81,553.00)	-94.8%	4,764,422.00	5,435,833.00	671,411.00	14.1%
Oil & Gas Production Tax**					38,433,365.00	38,433,365.00	-	0.0%
Gaming Tax	2,930,300.00	2,382,565.70	(547,734.30)	-18.7%	26,446,000.00	26,564,327.62	118,327.62	0.4%
Interest Income	565,000.00	594,979.67	29,979.67	5.3%	17,238,540.00	17,608,332.60	369,792.60	2.1%
Oil Extraction Tax**					23,566,635.00	23,566,635.00	-	0.0%
Cigarette & Tobacco Tax	1,436,000.00	1,680,481.45	244,481.45	17.0%	39,818,809.00	39,966,872.10	148,063.10	0.4%
Departmental Collections	1,350,000.00	1,259,787.06	(90,212.94)	-6.7%	39,994,659.00	38,958,827.57	(1,035,831.43)	-2.6%
Wholesale Liquor Tax	425,424.00	479,998.40	54,574.40	12.8%	9,884,198.00	9,824,060.59	(60,137.41)	-0.6%
Coal Severance Tax	894,000.00	733,097.16	(160,902.84)	-18.0%	21,515,050.00	21,327,327.42	(187,722.58)	-0.9%
Coal Conversion Tax	1,030,000.00	1,135,513.81	105,513.81	10.2%	24,420,761.00	24,587,630.92	166,869.92	0.7%
Mineral Leasing Fees	375,000.00	415,721.28	40,721.28	10.9%	7,746,074.00	9,363,168.70	1,617,094.70	20.9%
Bank of North Dakota-Transfer					35,000,000.00	35,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,380,608.00	1,380,608.00	0.00	0.0%
Other Transfers		1.74		100.0%	2,142,859.00	2,142,889.14	30.14	0.0%
Total Revenues and Transfers	65,328,724.00	62,801,140.71	(2,527,583.29)	-3.9%	1,495,559,913.00	1,502,653,370.20	7,093,457.20	0.5%

** Oil and gas production and oil extraction tax collections totaled \$4.3 million in May. A total of \$9.6 million has been reserved for deposit into the Permanent Oil Tax Trust Fund.

Revenue Variances

This month we will continue to include schedules showing the revenues compared to the 2001 revenue forecast as well as the original 1999 legislative revenue forecast. The comments below relate only to the 2001 revenue forecast.

Sales tax collections exceeded projections in May by \$3.3 million or 11.7 percent. This follows four months of shortfalls in sales tax collections. Biennium-to-date collections are now \$914,231 or 0.2 percent behind biennium-to-date projections.

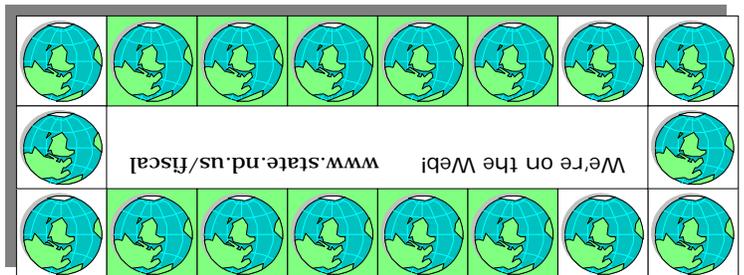
Motor vehicle excise tax collections fell below forecast by \$2.5 million or 51.3 percent. At the end of May, the Department of Transportation's new processing system was current with all processing and final adjustments made. Biennium-to-date collections are \$1.9 million or 1.8 percent below projections.

Individual income tax collections fell below forecast by \$4.5 million or 22.9 percent. This

monthly shortfall is the result of timing. More returns were processed in April than were anticipated, therefore the collections for April were unusually high and the collections for May were lower than expected. Biennium-to-date collections are \$6.2 million or 1.6 percent ahead of projections.

Corporate income tax collections were \$50,022 or 3.4 percent ahead of projections. Biennium-to-date collections are \$582,434 or 0.7 percent ahead of projections.

Actual collections for oil and gas production tax and oil extraction tax amounted to \$4.3 million in May. This report reflects no collections because total oil tax collections have exceeded \$62 million for the biennium. Collections exceeding \$62 million are required to be deposited into the Permanent Oil Tax Trust Fund at the end of the biennium. A total of \$9.6 million has been reserved for deposit into the fund.



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